

**Program Summary
Board of Medical Student Loans
Medical Student Assistance**

Program Overview

The Board of Medical Student Loan Program distributes financial aid, in the form of loans and scholarships, to qualified students enrolled at the University of Arizona College of Medicine or private medical schools within Arizona. The University of Arizona College of Medicine and Midwestern University provide the board with support services at no cost.

Medical students who participate in the program agree to practice in the state's medically underserved areas 1 year for each year of financial support, but at least 2 years. Participants not meeting the service requirement must repay all funds expended on their behalf, plus 7% interest and additional penalties. One goal of this assistance is to increase the number of physicians providing service to rural and other medically underserved areas, medically underserved populations, and Indian reservations in Arizona.

Laws 2005, Chapter 330 created a medical student scholarship program, which is similar to the existing Medical Student Loan Program. This program awards scholarships based on merit. Each scholarship can cover up to the total cost of tuition, plus a living allowance. Medical students must sign a contract obligating them to practice in the state's medically underserved areas 1 year for each year of scholarship support, but at least 2 years. Borrowers not meeting the service requirement must repay all funds expended on their behalf, plus 7% interest and additional penalties. Funding for the Board of Medical Student Loans shall not be from the Arizona Medical Board Fund (AMBF) in FY 2007.

Program Funding

The Board of Medical Student Loans receives funding from 3 sources: the state General Fund, the AMBF, and the Medical Student Loan Fund (MSLF). In FY 2006 the program is funded at \$1.8 million, an increase of \$1.5 million over FY 2005. The \$1.5 million amount represents additional funding from the General Fund for a medical student scholarships program in FY 2006. The board must use at least half the amount to provide scholarships for students at private medical schools. The FY 2006 funding level represents an increase of 425% from FY 2001 levels. *Table 1* displays historical funding information for medical student assistance by fund source, using data from FY 2001, FY 2005, and FY 2006.

Table 1

**Board of Medical Student Loans
Funding History**

<u>Fund</u>	<u>FY 2001</u>	<u>FY 2005</u>	<u>FY 2006</u>
GF	\$322,100	--	\$1,500,000
AMBF	--	\$283,400	283,400
MSLF	20,300	13,200	13,200
Total	\$342,400	\$296,600	\$1,796,600

Previously, the AMBF relied on General Fund monies. This changed in FY 2004, when funds from the Medical Board were appropriated for the AMBF, which continued in FY 2005 and FY 2006. Funding will revert back to monies from the General Fund in FY 2007, per a General Appropriation Act footnote.

In FY 2005, the Medical Student Loan Program funded 11 students, including 8 from the University of Arizona College of Medicine, and 3 from Midwestern University's Arizona College of Osteopathic Medicine. Each student received \$26,963, or 88% of the average annual cost of public medical school.

Under the previous loan program tuitions for public school, plus living allowance, determined the loan amounts. With the advent of the scholarship program the board now funds loans according to private and public tuition rates, plus a living allowance.

In FY 2006 the board expects to provide loans to 8 students, including 4 University of Arizona College of Medicine students who will receive \$31,004, and 4 Arizona College of Osteopathic Medicine students who will receive \$53,131. The FY 2006 loan amount is estimated at 100% of the maximum loan allowed, approximately 95% of the cost of public medical school education and 90% of the cost of private medical school education. In addition to its loan program, the board is currently establishing the scholarship program. Projected numbers of applicants and potential scholarships are not yet available.

Performance Measures

Tables 2 and 3 display the measures the Board of Medical Student Loans uses to assess the performance of their loans. The percentage of physicians meeting the service requirement is calculated by comparing the number of physicians currently practicing medicine in conjunction with the Medical Student Loans Program to the number of

participants not meeting the service obligations of the program (excluding those in military deferment).

In FY 2004, the first year the board took a customer satisfaction survey, 44% of participating students responded. The board records the loan amount provided to each student and the loan as a percentage of average annual cost of medical school.

To gauge how many students are serving in rural and other medically underserved areas, the board's performance measures include the number of physicians in service and physicians continuing service after service requirement is met.

If the new scholarship program retains identical performance measures, a comparison can be made with previous performance data, supplementing the process.

Additional outcome measures, such as recruitment and retention of students, would also be useful, as the merit based requirement will undoubtedly affect recruitment strategy.

Table 2 Board of Medical Student Loans Performance Measures				
<u>Performance Measure</u>	<u>FY 03 Actual</u>	<u>FY 04 Actual</u>	<u>FY 05 Actual</u>	<u>FY 06 Estimate</u>
Maximum loan amount (percent) provided to each student	86	92	93	100
Loan as a percentage of average annual cost of public medical education	85	88	89	90
Students funded per year	13	13	11	8
Percent of student participants progressing towards/achieving medical degree	100	100	100	100
Physicians in service	17	15	15	12
Physicians continuing service after service requirement is met	27	30	32	33
Percent of physicians who have provided service in eligible sites	NA	NA	93	91
Customer satisfaction rating (Scale 1-8)	NA	7.3	6.1	7.4